

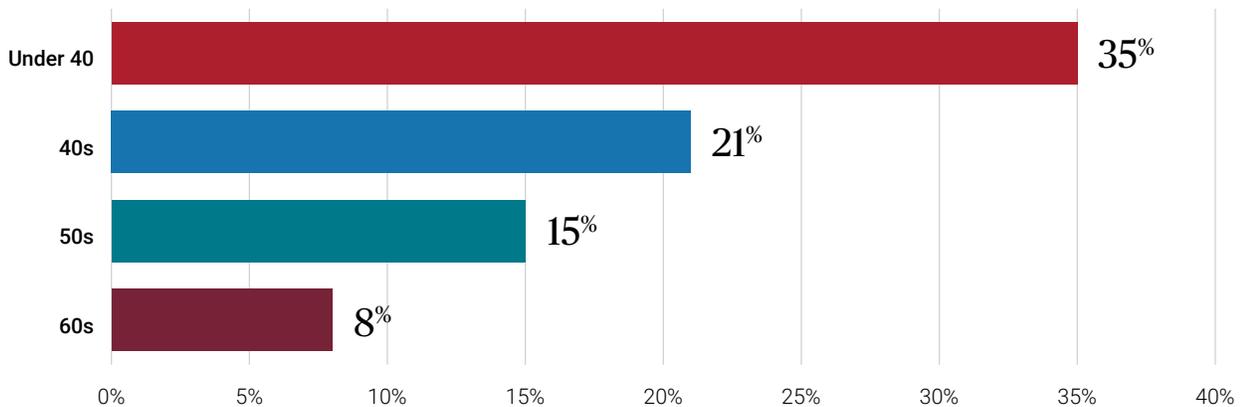
# Student loan effects and solutions

The 2023 Wellness@Work: Retirement Plan Services Study is based on a national survey of 2,604 full-time workers who are eligible to contribute to an employer-sponsored retirement plan, including 2,104 participants and 500 non-participants. Unless otherwise noted, all information provided in this article is from the 2023 Wellness@Work Study.



Student loans affect employees of all ages, races, ethnicities, and industries, according to our Wellness@Work survey. One in 3 Gen Z and millennial employees have student loan debt, along with 18% of Gen X and 9% of baby boomers.

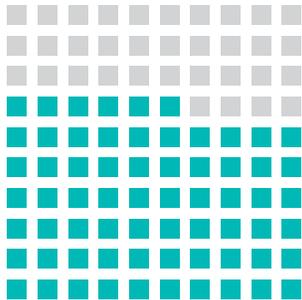
## Percentage of workers who carry student loan debt by age



Around one-third of Black and Hispanic workers have student loan debt, as do 35% of healthcare workers.

## Effect on wellness

Financial wellness and overall well-being are feeling the crunch from student loans.



**66%** of workers

with student loan debt say their finances are a major cause of stress or their biggest stressor

The percentage of employees concerned about paying for education expenses/student loan debt jumped from 27% in Q1 2023 to 36% in Q2 2023 — possibly due to uncertainty about student loan forgiveness and federal student loan payments resuming.<sup>1</sup> Required payments were paused during the pandemic to offer some relief to borrowers.

Only 38% of workers with student loan debt have a specific goal for the amount of debt they'll pay off this year. Encouraging employees to set a goal may help make this debt seem more manageable and lessen financial stress.

## Impact on retirement savings

Student loan debt significantly affects retirement readiness.



Median deferral rate is **3% lower** for those with student loan debt



**53% of workers** with student loan debt say they're saving less than they'd like for retirement because of student loan debt



**78% of workers** with student loan debt are saving less than what they think they need to save to be on track

It's not that these employees don't want to save for retirement — they just need a little help. The top motivators for 51% of workers with student debt to start saving or save more for retirement would be having a roadmap to help them reduce debt and establishing an emergency fund so they could feel comfortable saving for their future.

Education and financial wellness resources could help these employees feel capable of enrolling in their retirement plan or increasing their contributions. And employees are overwhelmingly interested in student loan solutions.

- 83% of those with student loan debt would be interested in a student loan management service
- 88% who describe their debt situation as a major problem would be interested, including 47% who would be very interested (or already do)

<sup>1</sup> Lincoln Financial, Consumer Sentiment Tracker, 2Q 2023.

## How student loan assistance benefits employers

A student debt program may not only help boost productivity by reducing stress, but it also can help with hiring and retention.



**6 out of 10 respondents** said they'd be more willing to stay with their employer if it made contributions to their student loan payments<sup>2</sup>

Student debt benefits are a critical component of a wellness benefits package. How?

- Providing a student loan debt/college costs preparation program makes an employer stand out from the competition in a tight labor market.
- Improving employee financial wellness can help create a stronger and more productive workforce by reducing the effects of financial stress.
- Helping employees manage student loan debt can encourage them to enroll or increase retirement plan contributions, boosting retirement readiness.

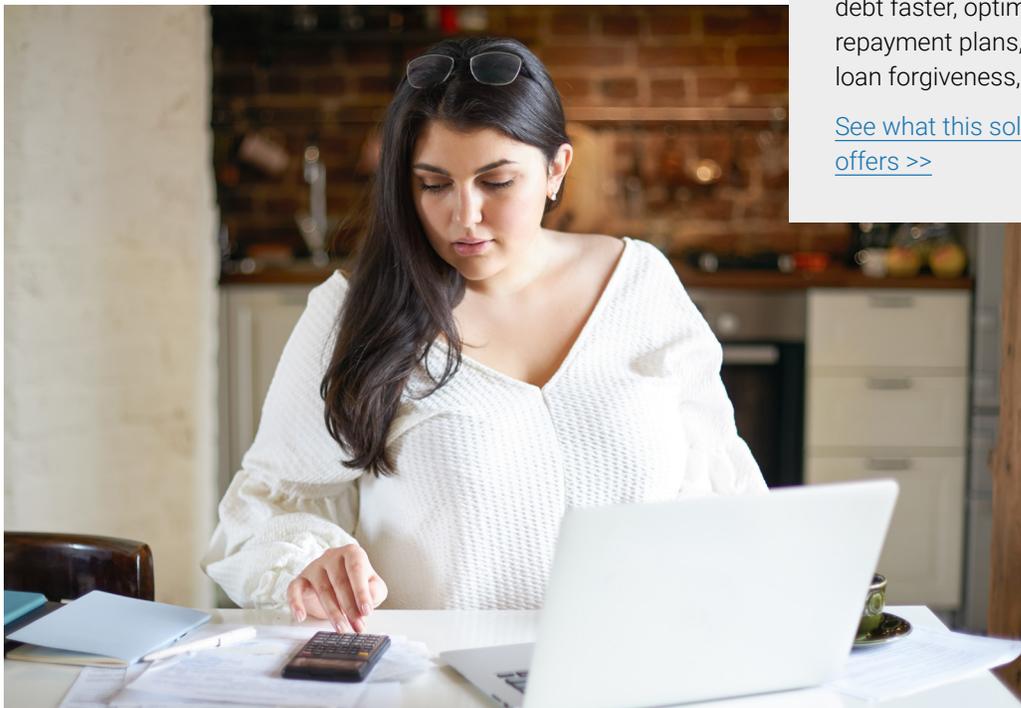
With student loan payments resuming, now's the time to implement a student loan debt solution and help employees improve their financial wellness



**Help employees manage student loan debt and save for future college costs**

Employees can use Candidly to help pay off debt faster, optimize repayment plans, manage loan forgiveness, and more.

[See what this solution offers >>](#)



<sup>2</sup> Lincoln Student Loan Survey, April 2022.

# About Wellness@Work

All data in this paper was from the 2023 Wellness@Work: Retirement Plan Services Study unless otherwise specified.

Wellness@Work is a platform for research and viewpoints on central issues related to group benefits and retirement planning. The program seeks to identify forward-thinking ways to help financial professionals, employers, and employees. As part of the program, Lincoln sponsors both proprietary and third party research, with an emphasis on what drives better benefit and retirement outcomes.

The 2023 Wellness@Work: Retirement Plan Services Study is based on a national survey of 2,604 full-time workers who are eligible to contribute to an employer-sponsored retirement plan, including 2,104 participants and 500 non-participants. Greenwald Research, a third party market research firm, conducted the study on behalf of Lincoln Retirement Plan Services. Greenwald Research is not associated with Lincoln Financial Group. Online interviewing took place from February 16 to March 14, 2023. Data is weighted by demographics to mirror the total population.

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